

# Office of Attorney General Terry Goddard



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## **Terry Goddard Sues Over Vehicle Sublease Scheme**

(Phoenix, Ariz. – June 20, 2005) Attorney General Terry Goddard has filed suit against U.S. Auto Management Corporation of Phoenix and its affiliated offices located in Cave Creek, Glendale, Mesa, and Scottsdale, as well as a spin-off company, Auto Payment Solutions. The suit alleges the companies engaged in a vehicle sublease rescue scheme that often harmed car owners and lessees financially and damaged their credit.

The complaint, filed June 16 in Maricopa County Superior Court, alleges that between 2000 and 2004, U.S. Auto Management (USAM) and Auto Payment Solutions offered owners and lessees of vehicles subject to retail installment loans or lease contracts the opportunity to be relieved of their existing loan or lease obligations. USAM and Auto Payment Solutions located a sub-lessee to assume the owner's remaining monthly payments until the vehicle was paid off or the lease term concluded and take possession of the vehicle.

"Victims who could not afford to make their car payments sought help, but these companies often only made things worse. Instead of helping consumers as they promised, these companies often took advantage of them with deceptive claims," Goddard said. "Consumers need to be wary of these types of quick-fix offers."

Court documents allege that USAM and Auto Payment Solutions' various Web sites represented that the companies:

- Could provide vehicle owners with a means of removing themselves from loan or lease payments without dealership or lender penalties;
- Guaranteed that all vehicle monthly loan or lease payments, as well as insurance premiums, would be made on time;
- Verified and monitored required auto insurance premiums; and
- Created a worry-free arrangement to protect the owner's investment and credit.

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The owners varied their promises, but used the same basic business model to entice customers into turning over their vehicles. The USAM Cave Creek and Scottsdale locations also purchased print advertisements and ran commercials on the radio.

The lawsuit states that USAM and Auto Payment Solutions did not deliver on their promises and violated the Arizona Consumer Fraud Act by falsely representing their vehicle sublease rescue services. Specifically:

- USAM and Auto Payment Solutions told vehicle owners that they could find a user to assume the lease or loan payments, when in fact, the owner's lease or loan documents likely prohibited such a practice;
- USAM and Auto Payment Solutions concealed from vehicle owners the fact that vehicle subleases are prohibited by Arizona law;
- USAM and Auto Payment Solutions concealed the owner's financial lender often prohibited the sublease of vehicles without lender approval;
- USAM and Auto Payment Solutions assured owners that vehicle users would maintain full insurance coverage on vehicles in their possession, when in fact, numerous users did not maintain such insurance;
- USAM and Auto Payment Solutions told customers that a person "using" the owner's vehicle would maintain and repair any damage to vehicles in their possession, when in fact the companies often lost contact with the vehicle user and could not monitor maintenance or repair records.

The Attorney General's Office is asking the Maricopa County Superior Court to:

- Permanently restrain the Defendants from further conduct;
- Provide restitution to the victims in this case;
- Require the Defendants to return to all the victims any money or property acquired through deceptive practices;
- Impose a penalty of up to \$10,000 for each violation of the Arizona Consumer Fraud Act;
- Require the Defendants to reimburse the Attorney General for costs of the investigation and reasonable attorney's fees.

Arizona residents who feel they have been a victim of any fraud are asked to contact the Attorney General's Office in Phoenix at 602-542-5763; in Tucson at 520-628-6504 or outside the Phoenix or Tucson Metro areas at 1-800-352-8431 or visit the Web site at [www.azag.gov](http://www.azag.gov). Residents can also visit one of the satellite offices located throughout Arizona to file a consumer complaint. A list of satellite office locations can be found on the Web site at [www.azag.gov](http://www.azag.gov).

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